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Case Class:	Civil
Court:	High Court at Nairobi (Milimani Commercial Courts Commercial and Tax Division)
Case Action:	Ruling
Judge:	Onguto Joseph Louis Omondi
Citation:	Harleys Limited v Sun Pharma East Africa Limited [2017] eKLR
Advocates:	-
Case Summary:	-
Court Division:	Commercial Tax & Admiralty
History Magistrates:	-
County:	Nairobi
Docket Number:	-
History Docket Number:	-
Case Outcome:	Application dismissed.
History County:	-
Representation By Advocates:	-
Advocates For:	-
Advocates Against:	-
Sum Awarded:	-

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**REPUBLIC OF KENYA**

**IN THE HIGH COURT OF KENYA**

**MILIMANI COURT**

**COMMERCIAL & ADMIRALTY DIVISION**

**CIVIL CASE. NO. 58 OF 2017**

**HARLEYS LIMITED.....PLAINTIFF**

**VERSUS**

**SUN PHARMA EAST AFRICA LIMITED..... DEFENDANT**

**RULING**

**Introduction**

1. Trading in goods must not only be honest but also not be, even unintentionally, unfair. That is the basic principle that guides the interest of all those who may wish to buy or sell goods.

2. The present case is concerned with the selling of goods under a mark or name. It is a pharmaceutical drug. The Plaintiff is wary that if the Defendant is allowed to continue selling the drug in the way it has been doing and still desires to, many people would buy the drug in the belief that they are buying the drugs manufactured by the Plaintiff whereas in reality they would be buying the Defendant's drugs. It is this fear that led the Plaintiff to launch this action against the Defendant.

**Background facts**

3. The parties are limited liability companies registered in accordance with the laws of Kenya. They both trade in pharmaceutical drugs within the common field of Kenya and perhaps beyond. The ready-to-use drug in issue is one used for the treatment of breast cancer. It is in the form of a tablet.

4. Since 2009 the Plaintiff, with a view to helping its customers and consumers to distinguish its products from other products in the market, has been marketing and distributing its tablet under the name "Letrol, Letrozole". On 30<sup>th</sup> June 2009 the Plaintiff registered its mark "LETROL" under Class 5 (Pharmaceuticals) as a protected trade mark under the Trade Marks Act. It then continued to peacefully and profitably manufacture, package, market and distribute its tablet "Letrol, Letrozole".

5. In January 2016 however the Plaintiff discovered that the Defendant was also marketing and distributing a drug of similar composition under the name "Letroz, Letrozole". The Plaintiff alleges that the Defendant's conduct infringes on the Plaintiffs trade mark and amounts to passing off and that as a result of the infringement and passing off the Plaintiff has suffered damage in amounts it cannot quantify hence a demand for account of profits made by the Defendant.

6. "Letroz", like the Plaintiff's product "Letrol" is also a composition used in the treatment of breast cancer.

7. The Defendant has denied any wrong-doing.

8. The Defendant states that its parent company which is domiciled in the Indian sub-continent manufactures the drug "Letroz" and distributes it worldwide including in Kenya through the Defendant. The Defendant denies passing off "Letroz" as "Letrol" and contends that it is also the registered proprietor and owner of the trade mark "Letroz" which was registered in Kenya on 16 December 2014 under Class 5 (Pharmaceuticals) as Trade Mark No. 85668.

### **The Plaintiff's case**

9. The Plaintiff contends that the Defendants action of marketing and selling tablets labeled "Letroz, Letrozole" is an infringement of the Plaintiff's trademark as the mark, colour of package, configuration and general appearance is identical to the Plaintiff's tablets which bear the registered trade mark "Letrol, Letrozole". The Plaintiff asserts that this is also likely to deceive or cause confusion to the purchasing public by passing off as the Plaintiff's "Letrol" tablets while in fact it is the Defendant's "Letroz" tablets.

10. According to the Plaintiff, the name "Letroz" is similar to the Plaintiff's "Letrol" as to amount to an infringement. Likewise the packaging of "Letroz" tablets is designed to pass off as "Letrol" tablets especially when one reads the additional words "Letrozole, Tablets USP 2.5 Mg" on the Letroz packs while the Letrol pack has "Letrozole, each tablet contains 2.5 Mg Letrozole USP". The Plaintiff additionally adds that the dominant colour featuring on the "Letroz" pack is blue, which is also the dominant colour featuring on the "Letrol" pack.

11. It is the Plaintiff's contention that the Defendant's action is calculated to deceive and mislead the general public and pass off that the Defendant's product is the Plaintiff's while actually it is not.

### **The Defendant's case**

12. The Defendant does not deny that the Plaintiff is the registered proprietor of "Letrol" as a trade mark. The Defendant however contends that it has its own registered mark "Letroz" and is entitled to use it. The Defendant also contends that the Plaintiff has no exclusive right to the word 'Letrozole' which is a generic name used to identify the molecular preparation of drugs used to treat breast cancer.

13. The Defendant additionally contends that it has used the name "Letroz" since 2009 openly, regularly, extensively and continuously and such anterior usage is protected under Section 10 of the Trade Marks Act. The name "Letroz" was then registered in 2014 without any objection by the Plaintiff. Accordingly, the Defendant contends that in the circumstances of the case there is a lawful concurrent use of the two trademarks 'Letroz' and 'Letrol' which is allowed under Section 15 of the Trade Marks Act. According to the Defendant, the anterior use as well as the subsequent concurrent use of both marks have led the respective marks of 'Letrol' and 'Letroz' to be associated with the Plaintiff and the Defendant respectively without any confusion or deception as far as the public is concerned.

14. The Defendant further contends that it has secured both statutory and common law rights on the mark 'Letroz' and that it is entitled to exclusive user thereof which the court ought to protect.

### **Arguments in court**

#### *Plaintiff's submissions*

15. The Plaintiff's case was urged by Mr. Were who submitted that the Plaintiff had a prima facie case with a likelihood of success as the Defendant was selling drugs bearing a mark similar to the Plaintiff's and which was likely to cause confusion. According to Mr. Were, the Plaintiff's mark was protected under Section 7 of the Trade Marks Act and there was need to restrain the Defendant from passing off its products as the Plaintiff's.

16. Counsel referred to the cases of **Group Four Security Limited v G4s Security Services (K) Ltd [2006] eKLR** and **Interconsumer Products Ltd v Lordix General Supplies Ltd [2009] e KLR** both for the proposition that where there is a striking similarity the possibility of confusion did not depend on the class, sophistication or economic worth of the clientele.

#### *Defendant's submissions*

17. Mr. G. Nyaanga argued the Defendant's case.

18. Mr. Nyaanga submitted that the Plaintiff had failed to establish a prima facie case as the mark 'Letrozole' was a generic name used worldwide by the players in the pharmaceutical industry and could not be exclusive to the Plaintiff. It was also contended by the Defendant that it had, prior to the registration of the Plaintiff's mark 'Letrol', registered 'Letroz' with the local pharmaceuticals regulator, the Kenya Pharmacy and Poisons Board in May 2009.

19. Counsel took refuge under Sections 10 of the Trade Marks Act to submit that anterior use of a mark could not be interfered with simply because of subsequent registration. Additionally, counsel also referred to Section 15 of the Trade Marks Act which allows honest and concurrent use of marks. Finally, Mr. Nyaanga contended that the Defendant's mark 'Letroz' had been registered in 2014 without any complaint or objection being lodged by the Plaintiff.

#### **Discussion and Determination**

20. The core issue is whether I should grant the temporary interdict sought by the Plaintiff pending the hearing of the suit.

21. The principles to be considered in an application for temporary injunction are relatively well settled. The court is to proceed on the basis that the relief sought is an equitable one with the court fully seized with the discretion. All the factors and circumstances of the case are to be considered but more particularly the court will consider if the Applicant has shown or established a prima facie case with a likelihood of success and also whether in the absence an injunction the applicant will otherwise suffer irreparable damage or injury. If the court be in doubt, it will decide the application on a balance of probabilities. See: **Giella –v- Cassman Brown & Co Ltd [1973] EA 358**, **Mrao Ltd –v- First American Bank of Kenya Ltd & 2 Others [2002] LLR 380 (CAK)**. The court must however not make any definitive findings of fact or law at the interlocutory stage as it is simply deciding the case on the basis of untested affidavit evidence.

22. I have perused the pleadings and in particular the founding and opposing affidavits. The Plaintiff complains that its registered Trade Mark No. 65786 has been and is being infringed by the Defendant. The Plaintiff in the alternative also claims that the Defendant is passing off its goods as those of the Plaintiff. The Plaintiff makes the complaints as it discovered in January 2016 that the Defendant was using the mark and words "Letroz, Letrozole" in its packaging and marketing of the Defendants pharmaceutical tablets yet the mark and words are so similar to the Plaintiffs mark and words "Letrol, Letrozole" which it uses in marketing and distributing its manufactured pharmaceutical tablets.

23. In support, the Plaintiff has availed a copy of its trade mark registration certificate as well as coloured copies of the tablets duly packaged in five. And the Defendant does not deny the packaging or the use of the mark "Letroz" registered under the Certificate of registration of trade mark No. 85668 also under class 5. The Defendant also contends that it has used the mark previously as an unregistered mark and acquired a common law right to use the mark and word 'Letroz'. The manufacture and packaging as well as previous user was by the Defendant's parent company Sun Pharmaceuticals Industries Ltd-India. In support, the Defendant exhibited invoices as well as package export/import documents showing the shipping of the drug "Letroz" to Kenya from India. The Defendant also availed registration certificates with the local pharmacy and poisons regulator dating back to 2009 and issued in favour of the Defendant's parent company.

24. There is no controversy that the Plaintiff is the registered proprietor of the mark and word 'Letrol'. There is also no controversy that the Defendant is also the registered proprietor of the mark and word "Letroz". The Defendant was itself formed in 2014, to be precise on 13 June 2014. There is little or no controversy as well that the suffix "Letrozole" is a generic word used to refer to the composition and mechanism of action of the breast cancer treating drug. Neither the Plaintiff nor the Defendant may therefore lay claim to the exclusive use of the word "Letrozole".

25. There is further no contention that the drug is limited to any particular or sophisticated clientele to remove it from the general realm and avoid any confusion. Any breast cancer patient may be subjected to the therapy of the letrozole laden drug. Cancer knows no boundaries.

26. I will consider the alleged statutory trade mark infringement first.

27. Under Sections 7,10 and 11 of the Trade Marks Act Cap (506), infringement occurs where one uses a trade mark contrary to the right of the proprietor or registered user without a licence of the registered proprietor.

28. It is not only the use of the registered mark itself that will lead to infringement. The use of a mark so similar to the registered trade mark as may easily lead to confusion or deception will also be deemed an infringement. Thus in **Biersdorf Ag v Emichem Products Ltd [2002] 1 KLR 876**, the court found the use of the defendant's trade name 'Nivelin' in the sale of a petroleum jelly product similar to the plaintiff's registered trade mark "Nivea" for the same product. An injunction was granted restraining the defendant from using its trade name to avoid confusion in the market.

29. In **Pharmaceutical Manufacturing Co –v- Novelby Manufacturing Ltd [2001] KLR 392**, the defendant was barred from using the trade name "Tri-histina" as it infringed on the plaintiff's registered trade mark "Trihistamin", the court noting that the two names were substantially similar as to likely cause confusion and deception in the course of trade in the pharmaceutical industry.

30. The issue of confusion is central in most trade mark conflicts though itself not conclusive as far as infringement is concerned. Besides no evidence of actual confusion is required. It is enough if there is a likelihood of confusion. However, absence of evidence of confusion itself gives rise to inference that there is no confusion: see **Phones 4U Ltd –v- Phone 4U Co. UK Internet Ltd [2007] RPC 84**. There is generally a higher demand on the part of the claimant to explain more extensively the defendant's activities which may lead to an inference of confusion.

31. The Defendant herein has argued that both its mark and the Plaintiff's mark are registered and that due to the lengthy concurrent use by both since 2009 the mark by the Defendant is not likely to cause any confusion.

32. In the instant case, the marks in question involve words. The two words 'Letrol' for the Plaintiff and 'Letroz' for the Defendant are not ordinary English nouns. They are not words ordinarily in common use and may only mean much to the medical practitioner who prescribes drugs and the pharmacist who dispenses it. As to whether they may lead to confusion, comparison is necessary.

33. Where words, in a trade mark contest, are involved the proper approach would be as was stated by Parker J in **Re Pianotist's Application [1906] 23 RPC 774,777**:

***"You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind customer who would be likely to buy those goods. Infact you must consider all the circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks"***.

34. There has to be a global assessment made which takes into account all the relevant factors. This is however for the trial. I will be contented only to make a preliminary finding.

35. In my view, comparing wholly the two words 'Letrol' and 'Letroz', they may be different in their components but when read or spoken together they appear to represent something so similar as may lead eventually to confusion. An average consumer may not have time to analyse the respective words' specific details. I form the preliminary view that the two words are similar, both by their look and sound. In so far as they are used to market drugs (Letrozole tablets) by the Plaintiff packaged in orange in a five pack and by the Defendant packaged in yellow in a five pack , both in a dominantly blue packets, the two marks may lead to confusion and perhaps deception.

36. The Defendant however has contended that it has been using the mark 'Letroz' for a long enough period and that subsequently it caused the mark 'Letroz' to be registered under the Trade Marks Act (Cap 506) and is thus protected. There is evidence that the mark 'Letroz' is registered in the Defendant's name. There is however no evidence that the Defendant had been using the mark since 2009. Indeed, the Defendant was only incorporated in 2014 and so shortly thereafter it acquired the trade mark 'Letroz'.

37. I am not at this stage satisfied that there is sufficient evidence of antecedent user of the mark 'Letroz' by the Defendant prior to 2014. The evidence points to a third party, a foreign based company claimed by the Defendant to be the parent company. There is however no evidence before me that the Defendant is indeed a subsidiary of this foreign company identified as Sun Pharmaceutical Industries Ltd, incorporated in accordance with the laws of India.

38. In view of the fact that the Defendant was only incorporated on 13 June 2014 I decline to accept the affidavit evidence that *"atleast since about 2009, the Defendant has been openly, regularly continuously and extensively using the trade mark LETROZ"* in relation to the breast- cancer treating tablets. By the better reason, I am unable to also accept the turnover details availed by the Defendant for the period commencing 2009 till 2014. It could not have earned when it did not exist. As the saying goes: "There was no dog to bark".

39. I am however prepared to accept the affidavit evidence that since 2014 the Defendant made sales of the drug 'Letroz' which grossed the amount of Kshs. 20,046,386/20. This is evidence of honest concurrent use. The Plaintiff's 'Letrol' must have been in the market and so too was the Defendant's 'Letroz'. The period of concurrent use is slightly over two years. It appears to have been undisturbed. It

also appears reasonable in the circumstances of this case, involving the treatment of breast cancer.

40. The fact of concurrent use coupled with the fact that 'Letroz' is a registered trade mark owned by the Defendant would appear to dent the Plaintiff's case as to infringement of its mark 'Letrol'. Until the Plaintiff seeks to have the Defendant's mark de-registered, the Defendant would be entitled to use its registered mark as authorized by statute. The Plaintiff, I note has not sought to revoke the Defendant's mark.

41. I would in the circumstances not hold that the Plaintiff has established a prima facie case with a likelihood of success.

42. It brings me to the question of passing off which constitutes the Plaintiff's alternative claim.

43. The action for passing off is the means that common law affords to protect the claimant against a situation where someone else adopts the same or a confusingly similar mark to represent that their business, goods or services are from the same or a connected source. As was stated by Lord Diplock in **Star Industrial Co. Ltd v Yap Kwee Kor t/a New Star Industrial Co. [1976] FSR 256,269**

***"A passing-off action is a remedy for the invasion of a right of property not in the mark, name or get up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another".***

44. In **Warnick v Townend [1979] AC 731** cited with approval in **Reckitt & Colman v Borden [1990] 1 All ER 873**, the House of Lords enumerated the five minimum requirements for the action of passing off as follows:-

*"My Lords, Spalding –v- Gamage and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) Misrepresentation (2) made by a trader in the course of trade (3) to prospective customers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so"*

45. The above proposition has been applied locally: see **Super Brite Ltd v Pakad Enterprises Ltd [2001] 2EA 563** and also **Group Four Security Ltd v G4S Security Services (K) Ltd [2006]eKLR**. I also hasten to add even where the allegedly offending mark has been registered, passing off as a cause of action is not extinguished and may be invited by any aggrieved party: see **Packer Davis & Co. Ltd v Opa Pharmacy Ltd [1961] EA 556**.

46. In the present case, it is quite true that the Defendant has in the course of trade marketing and distribution since 2014 used the mark "Letroz". The mark is a registered trade mark owned by the Defendant. The mark also appears strikingly similar to the Plaintiff's mark 'Letrol' which was itself registered in 2009. There is however no evidence before me that the Plaintiff also sells and distributes its "Letrol, Letrozole" drugs in Kenya even on a prima facie basis. There is also no evidence that the Defendant's user of its registered trade mark has caused actual damage to the Plaintiff's business or goodwill.

47. I am not satisfied that the Plaintiff has established a prima facie case in an action for passing-off. It would be inappropriate to presently draw an inference of misrepresentation on the part of the Defendant simply out of the similarity of the two marks of "Letroz" and "Letrol".

48. The end result is that I hold the preliminary view that the use of the mark 'Letroz' may be deemed to infringe on the Plaintiff's registered mark, yet the same mark 'Letroz' is a registered trade mark and consequently protected mark. The confusion may be there in any common field where the Plaintiff and the Defendant may trade, limited as the market may be. I also find that since 2014, the Defendant was entitled to and has been using the mark 'Letroz'.

49. There is perhaps one more reason why I would deny the injunction sought.

50. A party who discovers that its registered trade-mark is being infringed ought to timeously take steps to enjoin the infringing acts, especially if it post dates the trade mark registration. Likewise, it is inequitable for a person whose rights are being infringed to lay by for a considerable time. The court's discretion ought not to be sought following an inexplicable delay.

51. The Defendant has shown that it has been using the mark since 2014. The user was such as to require that the Plaintiff institutes proceedings. Yet even after the Plaintiff made a formal discovery of the user in January 2016, it still took a whole year for the Plaintiff to move to court and seek to put an end to the allegedly unfair competition. The Plaintiff has not attempted to explain the delay. This lack of alacrity on the part of the Plaintiff robs the court of its discretion in the circumstances of this case.

### **Conclusion and disposal**

52. The Plaintiff has exhibited prima facie evidence of infringement by virtue of the registered mark 'Letrol' which apparently is similar to 'Letroz', the Defendant's mark. The latter mark is also registered and there has been concurrent use of both marks since 2014, if at all. The marks may be visually and phonetically confusing but in my view a temporary interdict would not suffice. There may be need for expunction of one trade mark or for both to subsist concurrently. Such a determination may only be made with finality on trial or by the relevant tribunal.

53. In the result, I decline to exercise my discretion in favour of the Plaintiff. For now, I will allow the two tablets and their respective marks 'Letrol' and 'Letroz' which have been named eponymously after the generic composition "Letrozole" to be both marketed and distributed in Kenya.

54. This case is however to be fast-tracked with a view to having an expedited trial conducted and finalized prior to the end of the year 2017.

55. The application dated 6 February 2017 is otherwise dismissed but with no order as to costs, in view of the circumstances pertaining to this case.

**Dated, signed and delivered at Nairobi this 21<sup>st</sup> day of April, 2017.**

**J. L. ONGUTO**

**JUDGE**



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